

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011

A Bill

SENATE BILL 365

4
5 By: Senator Teague

For An Act To Be Entitled

6
7
8 AN ACT TO REPEAL THE ARKANSAS LOTTERY COMMISSION
9 LEGISLATIVE OVERSIGHT COMMITTEE; DECLARING AN
10 EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

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14 TO REPEAL THE ARKANSAS LOTTERY COMMISSION
15 LEGISLATIVE OVERSIGHT COMMITTEE AND
16 DECLARING AN EMERGENCY.

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18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

20
21 SECTION 1. Arkansas Code Title 23, Chapter 115, Subchapter 11 is
22 repealed.

23 ~~23-115-1101. Arkansas Lottery Commission Legislative Oversight~~
24 ~~Committee.~~

25 ~~(a) The Arkansas Lottery Commission Legislative Oversight Committee is~~
26 ~~established.~~

27 ~~(b) The Arkansas Lottery Commission Legislative Oversight Committee~~
28 ~~shall consist of the following members of the General Assembly appointed as~~
29 ~~follows:~~

30 ~~(1) Six (6) members of the House of Representatives shall be~~
31 ~~appointed to the Arkansas Lottery Commission Legislative Oversight Committee~~
32 ~~by the Speaker of the House of Representatives; and~~

33 ~~(2) Six (6) members of the Senate shall be appointed to the~~
34 ~~Arkansas Lottery Commission Legislative Oversight Committee by the President~~
35 ~~Pro Tempore of the Senate.~~

36 ~~(c) In making appointments, each appointing officer shall select~~



1 members who have appropriate experience and knowledge of the issues to be
2 examined by the Arkansas Lottery Commission Legislative Oversight Committee
3 and may consider racial, gender, and geographical diversity among the
4 membership.

5 (d) ~~The Arkansas Lottery Commission Legislative Oversight Committee~~
6 ~~shall:~~

7 (1) ~~Review whether expenditures of lottery proceeds have been in~~
8 ~~accordance with this chapter;~~

9 (2) ~~Review proposed rules of the Arkansas Lottery Commission;~~

10 (3)(A) ~~Review proposed contracts of twenty five thousand dollars~~
11 ~~(\$25,000) or more before the execution of the contracts.~~

12 (B) ~~The commission shall provide a list of all contracts~~
13 ~~less than twenty five thousand dollars (\$25,000) to the Arkansas Lottery~~
14 ~~Commission Legislative Oversight Committee on a monthly basis;~~

15 (4) ~~Review reports filed with the Arkansas Lottery Commission~~
16 ~~Legislative Oversight Committee by the Department of Higher Education,~~
17 ~~including without limitation reports filed under §§ 6-85-205 and 6-85-220;~~

18 (5) ~~Perform its duties under § 6-85-220; and~~

19 (6) ~~Study other lottery matters as the Arkansas Lottery~~
20 ~~Commission Legislative Oversight Committee considers necessary to fulfill its~~
21 ~~mandate.~~

22 (e)(1) ~~By November 1 of each year, the Arkansas Lottery Commission~~
23 ~~Legislative Oversight Committee shall provide to the General Assembly:~~

24 (A) ~~Any analysis or findings resulting from its activities~~
25 ~~under this section that the Arkansas Lottery Commission Legislative Oversight~~
26 ~~deems relevant; and~~

27 (B) ~~Its recommendations for any changes to the:~~

28 (i) ~~Scholarship award amounts;~~

29 (ii) ~~Number or type of scholarships; and~~

30 (iii) ~~Scholarship eligibility requirements.~~

31 (2) ~~The Arkansas Lottery Commission Legislative Oversight~~
32 ~~Committee may make interim reports to the General Assembly regarding the~~
33 ~~expenditure of net lottery revenues.~~

34 (f)(1) ~~The President Pro Tempore of the Senate and the Speaker of the~~
35 ~~House of Representatives shall each designate a Cochair of the Arkansas~~
36 ~~Lottery Commission Legislative Oversight Committee.~~

1 ~~(2) The Arkansas Lottery Commission Legislative Oversight~~
2 ~~Committee shall meet at least quarterly upon the joint call of the Cochairs~~
3 ~~of the Arkansas Lottery Commission Legislative Oversight Committee.~~

4 ~~(3) A majority of the Arkansas Lottery Commission Legislative~~
5 ~~Oversight Committee constitutes a quorum.~~

6 ~~(4) No action may be taken by the Arkansas Lottery Commission~~
7 ~~Legislative Oversight Committee except by a majority vote at a meeting at~~
8 ~~which a quorum is present.~~

9 ~~(g) Members of the Arkansas Lottery Commission Legislative Oversight~~
10 ~~Committee are entitled to per diem and mileage at the same rate authorized by~~
11 ~~law for attendance at meetings of interim committees of the General Assembly~~
12 ~~and shall be paid from the same source.~~

13 ~~(h)(1) With the consent of both the President Pro Tempore of the~~
14 ~~Senate and the Speaker of the House of Representatives, the Arkansas Lottery~~
15 ~~Commission Legislative Oversight Committee may meet during a session of the~~
16 ~~General Assembly to perform its duties under this chapter.~~

17 ~~(2) This subsection does not limit the authority of the Arkansas~~
18 ~~Lottery Commission Legislative Oversight Committee to meet during a recess as~~
19 ~~authorized by § 10-3-211 or § 10-2-223.~~

20
21 ~~23-115-1102. Filing of information with Arkansas Lottery Commission~~
22 ~~Legislative Oversight Committee.~~

23 ~~(a) It is the intent of the General Assembly that the Arkansas Lottery~~
24 ~~Commission Legislative Oversight Committee perform the monitoring and~~
25 ~~oversight functions of the Legislative Council for the Arkansas Lottery~~
26 ~~Commission.~~

27 ~~(b) All contracts, rules, reports, or other information required by~~
28 ~~law to be filed by the commission with the Legislative Council.~~

29 ~~(1) Shall not be filed with the Legislative Council; and~~

30 ~~(2) Shall be filed with the Arkansas Lottery Commission~~
31 ~~Legislative Oversight Committee.~~

32 ~~(c)(1) The Arkansas Lottery Commission Legislative Oversight Committee~~
33 ~~shall perform all duties or functions of the Legislative Council required by~~
34 ~~law concerning the contracts, rules, reports, or other information filed with~~
35 ~~the Arkansas Lottery Commission Legislative Oversight Committee under~~
36 ~~subsection (b) of this section.~~

1 ~~(2) The Bureau of Legislative Research shall provide staff for~~
2 ~~the Arkansas Lottery Commission Legislative Oversight Committee.~~

3
4 SECTION 2. Arkansas Code Title 23, Chapter 115, Subchapter 2 is
5 amended to add an additional section to read as follows:

6 23-115-212. Review by Legislative Council.

7 Contracts, rules, reports, and other information of the Arkansas
8 Lottery Commission shall be filed with the Legislative Council in the same
9 manner required by law for other state agencies.

10
11 SECTION 3. Arkansas Code § 6-85-205 is amended to read as follows:

12 6-85-205. Authority and duties of the Department of Higher Education.

13 (a)(1) The Department of Higher Education shall develop and promulgate
14 rules for the administration of the Arkansas Academic Challenge Scholarship
15 Program consistent with the purposes and requirements of this subchapter.

16 ~~(2) The Arkansas Lottery Commission Legislative Oversight~~
17 ~~Committee shall perform the function of the Legislative Council required by~~
18 ~~law for the review of a proposed rule or proposed change to a rule~~
19 Legislative Council shall review rules promulgated by the Department of
20 Higher Education under this subchapter.

21 (b) The rules developed and promulgated by the Department of Higher
22 Education under this section shall pertain to:

23 (1) Student eligibility criteria based on this subchapter;

24 (2) The method for selecting scholarship recipients and for
25 determining continuing eligibility;

26 (3) The procedures for making payment to an approved institution
27 of higher education where the recipient is enrolled; and

28 (4) Other administrative procedures that may be necessary for
29 the implementation and operation of the program.

30 (c) The Department of Higher Education shall implement a complete
31 financial aid management system that uses a single application form that may
32 be accessed as a web-based application for all Arkansas state-supported
33 student financial assistance administered by the Department of Higher
34 Education, including:

35 (1) Scholarships awarded under this subchapter or other state
36 law that are funded with net proceeds from the state lottery; and

1 (2) Scholarships, grants, or other financial assistance for
2 higher education students funded with nonlottery state educational resources.

3 (d)(1) The Department of Education and the Department of Higher
4 Education are directed to develop appropriate informational materials on the
5 Arkansas Academic Challenge Scholarship Program and to ensure distribution of
6 the materials to Arkansas students in grade seven through grade twelve (7-12)
7 each year as a part of the packet of materials on precollegiate preparation
8 distributed by the Arkansas Higher Education Coordinating Board under § 6-61-
9 217 and by the Department of Education under the Higher Education Awareness
10 Act of 1993, § 6-5-401 et seq.

11 (2) The distribution of informational materials under this
12 section shall be accomplished through the collaboration of school counselors
13 and other appropriate public school or Department of Higher Education
14 personnel.

15 (3) The Department of Higher Education shall provide a copy of
16 the informational materials developed under this section to the ~~Arkansas~~
17 ~~Lottery Commission Legislative Oversight Committee~~ Legislative Council for
18 its review.

19 (e) The Director of the Department of Higher Education shall review
20 and evaluate the operation of the program with regard to eligibility criteria
21 and size of the scholarship award to ensure that the program's operation
22 meets the intent of this subchapter.

23 (f) The Department of Higher Education may determine the necessary
24 procedures for the awarding of scholarships if the number of eligible
25 applicants exceeds the funds available based on the criteria under this
26 subchapter.

27 (g)(1)(A) By July 15 of each year, the Director of the Department of
28 Higher Education shall provide a report to the ~~Arkansas Lottery Commission~~
29 ~~Legislative Oversight Committee~~ Legislative Council on:

30 (i) The implementation of this subchapter;
31 (ii) The number of recipients that either:
32 (a) Dropped out during the academic year; or
33 (b) Lost the scholarship during the academic
34 year; and

35 (iii) Any additional information requested by the
36 ~~Arkansas Lottery Commission Legislative Oversight Committee~~ Legislative

1 Council.

2 (B) ~~The Arkansas Lottery Commission Legislative Oversight~~
3 ~~Committee~~ Legislative Council shall include the information reported under
4 this subsection in its annual report to the General Assembly under § 6-85-
5 220.

6 (2) By August 1 of each year, the Department of Higher Education
7 shall provide ~~to the Arkansas Lottery Commission Legislative Oversight~~
8 ~~Committee~~ an unaudited financial report on the administration of the Arkansas
9 Academic Challenge Scholarship Program for the fiscal year just ended to the:

10 (A) Interim Senate Committee on Education and the interim
11 House Committee on Education, or if the General Assembly is in session, the
12 Senate Committee on Education and the House Committee on Education; and

13 (B) Legislative Council.

14
15 SECTION 4. Arkansas Code § 6-85-212(f), concerning recommendations on
16 scholarship award amounts, is amended to read as follows:

17 (f) By November 1 of each year, the ~~Arkansas Lottery Commission~~
18 ~~Legislative Oversight Committee~~ interim Senate Committee on Education and the
19 interim House Committee on Education shall provide to the General Assembly
20 its recommendations for any changes to the:

- 21 (1) Award amounts;
22 (2) Number or type of scholarships; and
23 (3) Eligibility requirements.

24
25 SECTION 5. Arkansas Code § 6-85-212(j), concerning recommendations on
26 scholarships and grants to certain graduate and professional programs, is
27 amended to read as follows:

28 (j) When the General Assembly determines that there exist sufficient
29 net lottery proceeds to fund students enrolling in certificate, associate
30 degree, and baccalaureate degree programs, the department shall submit
31 recommendations ~~to the Arkansas Lottery Commission Legislative Oversight~~
32 ~~Committee~~ for the award of scholarships and grants to certain graduate and
33 professional programs at approved institutions of higher education to the:

34 (1) Interim Senate Committee on Education and the interim House
35 Committee on Education, or if the General Assembly is in session, the Senate
36 Committee on Education and the House Committee on Education; and

1 (v)-(E) Other data the ~~committee~~ committees or the
2 General Assembly may require.

3 (2) ~~The Arkansas Lottery Commission Legislative Oversight~~
4 ~~Committee may specify criteria~~ Criteria related to any item of information
5 required by this section may be specified by the:

6 (A) Interim Senate Committee on Education and the Interim
7 House Committee on Education, or, if the General Assembly is in session, the
8 Senate Committee on Education and the House Committee on Education; and

9 (B) Legislative Council.

10 (b)(1) ~~Annually by July 1, In the manner and format that the~~
11 ~~committees require,~~ the department shall report annually by July 1 to the
12 ~~Arkansas Lottery commission Legislative Oversight Committee in the manner and~~
13 ~~format that the committee requires~~ on all state-supported student financial
14 assistance awarded by the department and awarded by approved institutions of
15 higher education to the:

16 (A) Interim Senate Committee on Education and the interim
17 House Committee on Education, or if the General Assembly is in session, the
18 Senate Committee on Education and the House Committee on Education; and

19 (B) Legislative Council.

20 (2) The information provided shall include without limitation:

21 (A) Current year expenditures for scholarships and grants
22 under the program;

23 (B) Projected obligations for succeeding years from each
24 scholarship or grant funding source;

25 (C) Fund balances for the:

26 (i) Higher Education Grants Fund Account; and

27 (ii) Trust accounts maintained by the Director of
28 the Department of Higher Education to hold the net proceeds from the state
29 lottery;

30 (D) An evaluation of whether the net proceeds from the
31 state lottery available for the program supplements and does not supplant
32 nonlottery state educational resources;

33 (E) Recommendations for changes to the program, including
34 without limitation:

35 (i) Adjustments to the eligibility requirements of
36 the program; and

1 (ii) Increases or decreases in the amounts awarded
2 for an Arkansas Academic Challenge Scholarship based on the amount of net
3 proceeds from the state lottery available; and

4 (F) Any other information ~~that the Arkansas Lottery~~
5 ~~Commission Legislative Oversight Committee or the General Assembly request~~
6 requested by the:

7 (1) Interim Senate Committee on Education and the interim House
8 Committee on Education, or if the General Assembly is in session, the Senate
9 Committee on Education and the House Committee on Education;

10 (2) Legislative Council; or

11 (3) General Assembly.

12 (c) The department shall report to the ~~Arkansas Lottery Commission~~
13 ~~Legislative Oversight Committee~~ Legislative Council, the House Committee on
14 Education, the Senate Committee on Education, and the Joint Budget Committee
15 on the compliance with § 6-85-216 by each approved institution of higher
16 education.

17 (d) The Bureau of Legislative Research shall report to the ~~Arkansas~~
18 ~~Lottery Commission Legislative Oversight Committee~~ Legislative Council, the
19 House Committee on Education, the Senate Committee on Education, and the
20 Joint Budget Committee on:

21 (1) The compliance with § 6-85-216 by approved institutions of
22 higher education; and

23 (2) The status of reporting by the department under § 6-85-217.

24
25 SECTION 8. Arkansas Code § 6-85-220 is amended to read as follows:

26 6-85-220. ~~Arkansas Lottery Commission Legislative Oversight Committee~~
27 Annual report.

28 (a) The ~~Arkansas Lottery Commission Legislative Oversight Committee~~
29 interim Senate Committee on Education and the interim House Committee on
30 Education shall:

31 (1) Oversee the development and implementation of Arkansas Code
32 requirements with regard to the Arkansas Academic Challenge Scholarship
33 Program;

34 (2) Review whether and how the use of net state lottery proceeds
35 helps to accomplish state objectives for higher education;

36 (3) Review the ongoing data collection, research, and evaluation

1 of the program;

2 (4) Review the annual report of the Director of the Department
 3 of Higher Education under § 6-85-219;

4 (5) Review and recommend changes to the:

5 (A) Number of awards for each scholarship and grant;

6 (B) Award levels;

7 (C) Eligibility requirements; and

8 (D) Overall administration of the program; and

9 (6) Review and recommend policies for scholarships and grants
 10 funded with nonlottery state educational resources, including without
 11 limitation ways to ensure that net proceeds from the state lottery are used
 12 to supplement and not supplant nonlottery state educational resources.

13 (b) By November 1 of each year, the ~~Arkansas Lottery Commission~~
 14 ~~Legislative Oversight Committee~~ interim Senate Committee on Education and the
 15 interim House Committee on Education shall report its findings and
 16 recommendations to the Arkansas Lottery Commission, the President Pro Tempore
 17 of the Senate, the Speaker of the House of Representatives, and the Governor,
 18 ~~the House Committee on Education, and the Senate Committee on Education.~~

19
 20 SECTION 9. Arkansas Code § 10-3-314 is amended to read as follows:

21 10-3-314. Report on claim filed with State Claims Commission.

22 ~~(a) Except as provided by subsection (b) of this section, it~~ It is the
 23 intent of the General Assembly that when any state agency, board, commission,
 24 or institution of higher education admits liability to a claim filed with the
 25 State Claims Commission and the claim involves a contract with a state
 26 agency, board, commission, or institution of higher education or the claim
 27 exceeds seven thousand five hundred dollars (\$7,500), ~~that~~ such the agency,
 28 board, commission, or institution of higher education file a written report
 29 thereof with the Litigation Subcommittee of the Legislative Council. The
 30 report shall include a concise statement of facts with an explanation of the
 31 agency's liability. Provided further, ~~such the~~ the report shall be filed with the
 32 Litigation Subcommittee of the Legislative Council within thirty (30) days
 33 after the claim has been adjudicated by the State Claims Commission.

34 ~~(b) The Arkansas Lottery Commission shall file its written report~~
 35 ~~under subsection (a) of this section with the Arkansas Lottery Commission~~
 36 ~~Legislative Oversight Committee.~~

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SECTION 10. Arkansas Code § 23-115-103(10), concerning the definition of "lobbying" under the Arkansas Scholarship Lottery Act, is amended to read as follows:

(10) "Lobbying" means communicating directly or soliciting others to communicate with any member of the Arkansas Lottery Commission, the Director of the Arkansas Lottery Commission, or any employee of the Arkansas Lottery Commission, ~~or a member of the Arkansas Lottery Commission~~ Legislative Oversight Committee with the purpose of influencing the actions of the Arkansas Lottery Commission ~~or the Arkansas Lottery Commission~~ Legislative Oversight Committee;

SECTION 11. Arkansas Code § 23-115-204(c)(3), concerning reports by the Lottery Retailer Advisory Board, is amended to read as follows:

- (3) The board may report in writing at any time to the:
 - (A) ~~commission and the Arkansas Lottery Commission~~ Legislative Oversight Committee Commission;
 - (B) Interim Senate Committee on Education and the interim House Committee on Education, or if the General Assembly is in session, the Senate Committee on Education and the House Committee on Education; and
 - (C) Legislative Council ~~in writing at any time~~.

SECTION 12. Arkansas Code § 23-115-206 is amended to read as follows:
23-115-206. Internal controls – Annual audit.

(a) To ensure the financial integrity of lotteries, the Arkansas Lottery Commission shall:

- (1) Establish and maintain effective internal controls over financial reporting, including the monitoring of ongoing activities, and comply with the Arkansas Constitution and applicable laws, rules, contracts, agreements, and grants;
- (2) Establish and maintain effective internal controls to prevent and detect fraud, including without limitation a system of internal audits;
- (3) Include in any contract or license with a vendor or retailer for data processing services or other computer services a provision permitting the Division of Legislative Audit to have access and authority to

1 audit the computer systems of the vendor or retailer;

2 (4) Notify the division of all known fraud or suspected fraud or
3 all known or suspected illegal acts involving management or other employees
4 of the commission or others with whom the commission contracts;

5 (5) Inform the division and the Chief Fiscal Officer of the
6 State of any known material violations of the Arkansas Constitution,
7 applicable statutes, rules, contracts, agreements, or grants;

8 (6) Prepare the financial statements, including the related
9 notes to the financial statements, of the commission in accordance with
10 generally accepted accounting principles and in accordance with guidelines
11 and timelines established by the Chief Fiscal Officer of the State to permit
12 incorporation into the state's financial statements and to permit the audit
13 of the state's financial statements and the commission's financial statements
14 in a timely manner;

15 (7) Make all financial records and related information available
16 to the division, including the identification of significant vendor
17 relationships in which the vendor has the responsibility for program
18 compliance, in accordance with §§ 10-4-416 and 10-4-424;

19 (8)(A) ~~Submit monthly and annual reports to the Governor and the~~
20 ~~Arkansas Lottery Commission Legislative Oversight Committee~~ disclosing the
21 total lottery revenues, prize disbursements, operating expenses, net assets,
22 and administrative expenses of the commission during the reporting period to
23 the:

24 (i) Governor;

25 (ii) Interim Senate Committee on Education and the
26 interim House Committee on Education, or if the General Assembly is in
27 session, the Senate Committee on Education and the House Committee on
28 Education; and

29 (iii) Legislative Council.

30 (B)(i) The initial annual report shall describe the
31 organizational structure of the commission and summarize the functions
32 performed by each organizational division within the commission.

33 (ii) Future annual reports shall describe any
34 revisions to the organizational structure since the filing of the previous
35 annual report;

36 (9) Maintain weekly or more frequent records of lottery

1 transactions, including without limitation:

- 2 (A) The distribution of tickets or shares to retailers;
- 3 (B) Revenues received;
- 4 (C) Claims for lottery prizes;
- 5 (D) Lottery prizes paid;
- 6 (E) Lottery prizes forfeited; and
- 7 (F) Other financial transactions of the commission;

8 (10)(A) ~~Submit to the Cochairs of the Arkansas Lottery~~
 9 ~~Commission Legislative Oversight Committee~~ by April 30 of each year a copy of
 10 the annual operating budget for the commission for the next fiscal year to
 11 the:

12 (i) Cochairs of the interim Senate Committee on
 13 Education and the Cochairs of the interim House Committee on Education, or if
 14 the General Assembly is in session, the Cochairs of the Senate Committee on
 15 Education and the Cochairs of the House Committee on Education; and

16 (ii) Legislative Council.

17 (B) The proposed operating budget shall be accompanied by:

18 (i) An estimate of the net proceeds to be available
 19 for scholarships and grants during the succeeding fiscal year; and

20 (ii) The following information for each employment
 21 classification:

22 (a) The total number of persons currently
 23 employed;

24 (b) The number of white male employees;

25 (c) The number of white female employees;

26 (d) The total number of Caucasian employees;

27 (e) The number of black male employees;

28 (f) The number of black female employees;

29 (g) The number of other employees who are
 30 members of racial minorities; and

31 (h) The total number of minorities currently
 32 employed; and

33 (11) Adopt the same fiscal year as that used by state
 34 government.

35 (b)(1)(A) The division shall annually audit the commission.

36 (B) The division may conduct an investigation or audit or

1 prepare special reports regarding the commission or related entities,
 2 scholarships, grants, vendors, retailers, or any other transactions or
 3 relationships connected or associated with the commission or its operations,
 4 duties, or functions upon the approval of the Legislative Joint Auditing
 5 Committee.

6 (2) The commission shall reimburse the division at an hourly
 7 rate set by the Legislative Joint Auditing Committee for work performed by
 8 the division relating to any audit, investigation, or special report
 9 regarding the commission and related entities, scholarships, grants, vendors,
 10 retailers, or other related matters.

11 (3)(A) ~~If the commission, the General Assembly, the Arkansas~~
 12 ~~Lottery Commission Legislative Oversight Committee, or the Legislative Joint~~
 13 ~~Auditing Committee requests additional audits or performance reviews of the~~
 14 ~~fiscal affairs or operations of the commission to be conducted by a private~~
 15 ~~certified public accountant or other consultant, the division shall select~~
 16 ~~and contract with appropriate certified public accountants or consultants to~~
 17 ~~provide the services~~ any of the following entities requests additional audits
 18 or performance reviews of the fiscal affairs or operations of the commission
 19 to be conducted by a private certified public accountant or other consultant,
 20 the division shall select and contract with appropriate certified public
 21 accountants or consultants to provide the services:

22 (i) The commission;

23 (ii) The General Assembly;

24 (iii) The interim Senate Committee on Education and
 25 the interim House Committee on Education, or if the General Assembly is in
 26 session, the Senate Committee on Education and the House Committee on
 27 Education; or

28 (iv) The Legislative Joint Auditing Committee.

29 (B) The division shall contract for the services which
 30 shall be paid directly to the contractor by the commission.

31 (C) A copy of any report or management correspondence
 32 prepared by the certified public accountants or consultants shall be
 33 forwarded to the:

34 (i) ~~commission~~ Commission;

35 (ii) ~~the division,~~ Division;

36 (iii) ~~and the Arkansas Lottery Commission~~

1 ~~Legislative Oversight Committee~~ Interim Senate Committee on Education and the
 2 interim House Committee on Education, or if the General Assembly is in
 3 session, the Senate Committee on Education and the House Committee on
 4 Education; and

5 (iv) Legislative Council.

6 (4) This chapter does not limit the statutory authority of the
 7 division or the responsibilities of the commission or related entities, board
 8 members, employees, vendors, retailers, or any other individuals or entities
 9 to cooperate with the division or provide information or records requested by
 10 the division.

11
 12 SECTION 13. Arkansas Code § 23-115-207(c), concerning rulemaking by
 13 the Arkansas Lottery Commission, is amended to read as follows:

14 (c)(1)~~(A) Except as provided in subdivision (c)(1)(B) of this section,~~
 15 ~~the~~ The promulgation of rules under this chapter shall comply with the
 16 Arkansas Administrative Procedure Act, § 25-15-201 et seq.

17 ~~(B) The commission shall not be required to file rules~~
 18 ~~under § 10-3-309.~~

19 (2)~~(A) The promulgation of rules by the commission shall be~~
 20 ~~exempt from § 10-3-309.~~

21 ~~(B) The commission shall file its rules with the Arkansas~~
 22 ~~Lottery Commission Legislative Oversight Committee~~ interim Senate Committee
 23 on Education and the interim House Committee on Education, or if the General
 24 Assembly is in session, the Senate Committee on Education and the House
 25 Committee on Education for review at least thirty (30) days before the
 26 expiration of the public comment period.

27
 28 SECTION 14. Arkansas Code § 23-115-208(d), concerning the filing of
 29 certain written reports with the Arkansas Lottery Commission Legislative
 30 Oversight Committee, is amended to read as follows:

31 (d)(1)(A) Except as provided in subdivisions ~~(d)(2)-(4)~~ (d)(2) and (3)
 32 of this section, appeals of claims in contract or in tort against the
 33 Arkansas Lottery Commission or its employees shall be conducted by the
 34 Arkansas State Claims Commission in the same manner as a claim under § 19-10-
 35 201 et seq.

36 (B) The Arkansas State Claims Commission shall consider an

1 appeal de novo.

2 (2) A decision of the Arkansas State Claims Commission relating
3 to a claim in contract or in tort against the Arkansas Lottery Commission or
4 its employees shall not be appealed to the General Assembly.

5 (3)(A) A valid claim in any amount against the Arkansas Lottery
6 Commission shall not be referred to the General Assembly for an
7 appropriation.

8 (B) The Clerk of the Arkansas State Claims Commission
9 shall notify the Arkansas Lottery Commission of the amount of the valid
10 claim.

11 (C) Upon receipt of notification from the clerk, the
12 Arkansas Lottery Commission shall deliver a check to the clerk, who shall
13 deposit the sum as a nonrevenue receipt into the Miscellaneous Revolving Fund
14 from which he or she shall disburse the amount of the claim to the claimant.

15 ~~(4) Written reports under § 19-10-212 shall be filed with the~~
16 ~~Arkansas Lottery Commission Legislative Oversight Committee.~~

17
18 SECTION 15. Arkansas Code § 23-115-302(b)(8), concerning reports filed
19 by the Director of the Arkansas Lottery Commission, is amended to read as
20 follows:

21 (8) Report monthly ~~to the commission and the Arkansas Lottery~~
22 ~~Commission Legislative Oversight Committee~~ a complete statement of lottery
23 revenues and expenses for the preceding month and an accompanying statement
24 of net assets to the:

25 (A) Commission;

26 (B) Interim Senate Committee on Education and the interim
27 House committee on Education, or if the General Assembly is in session, the
28 Senate Committee on Education and the House Committee on Education; and

29 (C) Legislative Council;
30

31 SECTION 16. Arkansas Code § 23-115-302(b)(9), concerning the reporting
32 of certain information pertaining to the operation of the state lottery, is
33 amended to read as follows:

34 (9) By August 15, 2011, and annually thereafter, report to the
35 ~~Arkansas Lottery Commission Legislative Oversight Committee~~ Legislative
36 Council the following:

- 1 (A) For the immediately preceding fiscal year:
- 2 (i) The total amount of net proceeds from the state
- 3 lottery; and
- 4 (ii) The amounts deposited into and disbursed from
- 5 the Scholarship Shortfall Reserve Trust Account under § 23-115-802; and
- 6 (B) The commission’s projection for net proceeds from the
- 7 state lottery for the current fiscal year; and

8

9 SECTION 17. Arkansas Code § 23-115-306 is amended to read as follows:

10 23-115-306. Special salary allowances.

11 (a) The Arkansas Lottery Commission, upon approval of the ~~Arkansas~~

12 ~~Lottery Commission Legislative Oversight Committee~~ Personnel Subcommittee of

13 the Legislative Council, may make special salary allowances authorized by

14 this section for recruitment or retention in amounts as the commission may

15 determine equitable in view of the exacting duties that are involved as a

16 part of the salary of the:

- 17 (1) Director of the Arkansas Lottery Commission;
- 18 (2) Internal auditor of the commission; and
- 19 (3) Chief operating officer of the commission.

20 (b) For a position subject to a special allowance under subsection (a)

21 of this section, the sum of the salary authorized by the General Assembly and

22 the special salary allowance, shall not exceed an amount equal to two and

23 one-half (2½) times the salary for the position authorized by the General

24 Assembly.

25 (c)(1) The requirement of approval by the ~~Arkansas Lottery Commission~~

26 ~~Legislative Oversight Committee~~ Personnel Subcommittee of the Legislative

27 Council before granting a special salary allowance under this section is not

28 a severable part of this section.

29 (2) If the requirement of approval by the ~~Arkansas Lottery~~

30 ~~Commission Legislative Oversight Committee~~ Personnel Subcommittee of the

31 Legislative Council is ruled unconstitutional by a court of competent

32 jurisdiction, this section is void.

33

34 SECTION 18. Arkansas Code § 23-115-307 is amended to read as follows:

35 23-115-307. Expansion pool.

36 (a) The Arkansas Lottery Commission is authorized an expansion pool of

1 sixty (60) positions not to exceed the career service grade C130 and fifteen
2 (15) positions not to exceed the professional and executive grade N922 to be
3 used to establish additional positions of the proper title and salary if the
4 commission does not have sufficient positions available to address growth
5 needs.

6 (b) A position established under this section shall not exceed a
7 salary rate in excess of the highest rate established by grade or by line
8 item in this subchapter.

9 (c) A position shall not be authorized from the expansion pool until
10 the specific positions that are requested by the commission are reviewed by
11 the ~~Arkansas Lottery Commission Legislative Oversight Committee~~ Personnel
12 Subcommittee of the Legislative Council.

13 (d) When seeking review of positions by the ~~Arkansas Lottery~~
14 ~~Commission Legislative Oversight Committee~~ Personnel Subcommittee of the
15 Legislative Council under this section, the commission shall provide an
16 organizational chart indicating the current structure of the commission and
17 its employees.

18 (e)(1) The requirement of review by the ~~Arkansas Lottery Commission~~
19 ~~Legislative Oversight Committee~~ Personnel Subcommittee of the Legislative
20 Council before authorizing positions from the expansion pool is not a
21 severable part of this section.

22 (2) If the requirement of review by the ~~Arkansas Lottery~~
23 ~~Commission Legislative Oversight Committee~~ Personnel Subcommittee of the
24 Legislative Council is ruled unconstitutional by a court of competent
25 jurisdiction, this section is void.

26
27 SECTION 19. Arkansas Code § 23-115-401(e) concerning the results of
28 minority-owned business and female-owned business participation in lottery
29 activities, is amended to read as follows:

30 (e) The commission shall monitor the results of minority-owned
31 business and female-owned business participation and shall report the results
32 of minority-owned business and female-owned business participation to the
33 Governor and the ~~Arkansas Lottery Commission Legislative Oversight Committee~~
34 Legislative Council on at least an annual basis.

35
36 SECTION 20. Arkansas Code § 23-115-501(e)(1), concerning lottery

1 vendor requirements, is amended to read as follows:

2 (e)(1) A vendor who provides or proposes to provide goods or services
3 under a major procurement contract shall not provide a gift or compensation
4 to:

5 (A) The Director of the Arkansas Lottery Commission, a
6 commission member, or a commission employee, ~~or a member of the Arkansas
7 Lottery Commission Legislative Oversight Committee~~; or

8 (B) A member of the immediate family of the director, a
9 commission member, or a commission employee, ~~or a member of the Arkansas
10 Lottery Commission Legislative Oversight Committee~~.

11

12 SECTION 21. Arkansas Code § 23-115-610(d), concerning reimbursement of
13 the Department of Finance and Administration for business closure costs, is
14 amended to read as follows:

15 (d) The commission may reimburse the Department of Finance and
16 Administration for the costs of administering this section after review of
17 the amount by the ~~Arkansas Lottery Commission Legislative Oversight Committee~~
18 Legislative Council.

19

20 SECTION 22. Arkansas Code § 23-115-701(e), concerning Arkansas Lottery
21 Commission procurements, is amended to read as follows:

22 (e)(1) Each proposed major procurement contract and each amendment or
23 modification to a proposed or executed major procurement contract shall be
24 filed with the ~~Arkansas Lottery Commission Legislative Oversight Committee~~
25 Legislative Council for review at least (30) days before the execution date
26 of the major procurement contract or the amendment of modification to a
27 proposed or executed major procurement contract.

28 (2) ~~The Arkansas Lottery Commission Legislative Oversight~~
29 ~~Committee~~ Legislative Council shall provide the commission with its review as
30 to the propriety of the major procurement contract and each amendment or
31 modification to a proposed or executed major procurement contract within
32 thirty (30) days after receipt of the proposed major procurement contract or
33 the amendment or modification to a proposed or executed major procurement
34 contract.

35

36 SECTION 23. Arkansas Code § 23-115-801(c) and (d), concerning lottery

1 proceeds, are amended to read as follows:

2 (c)(1) The Director of the Department of Higher Education shall
3 certify to the commission the amount of net proceeds from the lottery needed
4 to fund the scholarships awarded to recipients under § 6-85-201 et seq. for
5 each semester of an academic year.

6 (2)(A)(i) The commission shall transfer the funds requested by
7 the director under subdivision (c)(1) of this section into one (1) or more
8 trust accounts at one (1) or more financial institutions meeting the
9 requirements of subdivision (b)(2) of this section maintained by the
10 department.

11 (ii) The director shall disburse trust account funds
12 only in the name of the recipient:

13 (a) To an approved institution of higher
14 education; or

15 (b) If a recipient transfers to another
16 approved institution of higher education, to the approved institution of
17 higher education where the recipient transferred.

18 (3) By August 1 of each year, the director shall:

19 ~~(A) Provide to the commission and to the Arkansas Lottery~~
20 ~~Commission Legislative Oversight Committee~~ Provide for the academic year just
21 ended an accounting of all trust accounts maintained by the department,
22 including without limitation:

23 ~~(A)(i)~~ Total deposits to all trust accounts;

24 ~~(B)(ii)~~ Total disbursements from the trust accounts;

25 and

26 ~~(C)(iii)~~ The balance remaining in the trust
27 accounts; and

28 (B) Submit the accounting required under subdivision
29 (c)(3)(A) of this section to the:

30 (i) Commission;

31 (ii) Interim Senate Committee on Education and the
32 interim House Committee on Education, or if the General Assembly is in
33 session, the Senate Committee on Education and the House Committee on
34 Education; and

35 (C) Legislative Council.

36 (d)(1) The General Assembly finds that:

1 (A) The administration of scholarships with proceeds from
2 the lottery are expenses of the commission; and

3 (B) Because the department has the expertise and
4 experienced staff needed to efficiently and appropriately administer the
5 scholarships, the commission shall use the services of the department to
6 administer scholarships funded with net proceeds from the lottery.

7 (2) The commission shall reimburse the department for the costs
8 of administering the scholarship awards funded with net proceeds from the
9 lottery after review of the reimbursement amount by the ~~Arkansas Lottery~~
10 ~~Commission Legislative Oversight Committee~~ Legislative Council.

11 (3) The department shall refund to the Higher Education Grants
12 Fund Account the amount of a reimbursement received from the commission under
13 this subsection for services provided and funded from the fund account.
14

15 SECTION 24. EMERGENCY CLAUSE. It is found and determined by the
16 General Assembly of the State of Arkansas that legislative review of matters
17 pertaining to the Arkansas Lottery Commission is of great importance; that
18 such review should be done in an efficient and expedient manner by committees
19 experienced in the relevant issues; that this act will improve the quality of
20 legislative review by assigning the majority of those responsibilities to the
21 House Committee on Education, the Senate Committee on Education, and the
22 Legislative Council; and that these changes should be implemented as soon as
23 possible to enhance legislative review of lottery matters. Therefore, an
24 emergency is declared to exist and this act being immediately necessary for
25 the preservation of the public peace, health, and safety shall become
26 effective on:

27 (1) The date of its approval by the Governor;

28 (2) If the bill is neither approved nor vetoed by the Governor,
29 the expiration of the period of time during which the Governor may veto the
30 bill; or

31 (3) If the bill is vetoed by the Governor and the veto is
32 overridden, the date the last house overrides the veto.
33
34
35
36